

**§ 931.24 Principal place of business.**

The principal place of business of a member is the state in which the member maintains its home office established as such in conformity with the laws under which the member is organized.

[55 FR 1398, Jan. 16, 1990]

**§ 931.25 Subsidiary.**

Any company which is owned or controlled directly or indirectly by a person, and includes any service corporation owned in whole or in part by a member, or a subsidiary of such service corporation.

[55 FR 1398, Jan. 16, 1990]

**§ 931.26 Appropriate regulatory agency.**

The appropriate federal banking agency as defined in section 2[3] of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(q)), or other appropriate regulatory agency for institutions not governed by such section.

[56 FR 55219, Oct. 25, 1991]

**§ 931.30 Financial relationship.**

A financial relationship of a director, director candidate or director nominee means any of the following relationships or activities of the director, director candidate or director nominee, his or her immediate family members and related interests, and the immediate family members' related interests:

(a) Any type of deposit or savings account;

(b) Any other contractual right to the payment of money, whether contingent or fixed, in the previous calendar year or the current calendar year;

(c) Any type of loan or extension of credit.

[56 FR 55220, Oct. 25, 1991]

**§ 931.32 Immediate family member.**

Any spouse, minor child, or dependent of a person, or any other individual related by blood, marriage or adoption residing in the person's household.

[56 FR 55220, Oct. 25, 1991]

**§ 931.34 Income.**

The director's adjusted gross income as reported on his or her most recent federal income tax return.

[56 FR 55220, Oct. 25, 1991]

**§ 931.36 Insured depository institution.**

An insured depository institution as defined in 12 U.S.C. 1422(12).

[56 FR 55220, Oct. 25, 1991]

**§ 931.38 Loss.**

(a) An obligation as to which there is a continuing legal claim that is owed that is twelve (12) months or more delinquent as to principal or interest; or

(b) An obligation to pay an outstanding, unsatisfied, final judgment based on any legal theory.

[56 FR 55220, Oct. 25, 1991]

**§ 931.40 Related interest.**

A company that is controlled by a person.

[56 FR 55220, Oct. 25, 1991]

**PART 932—ORGANIZATION OF THE BANKS**

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AUTHORITY: 12 U.S.C. 1422a, 1422b, 1426, 1427, 1464; 18 U.S.C. 207; 42 U.S.C. 8101 *et seq.*

### § 932.1 Charter.

A Bank's organization certificate.

[43 FR 46936, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

### § 932.2 [Reserved]

### § 932.3 Dividends.

The board of directors of each Bank may, with the approval of the Board, declare and pay a dividend from net earnings, including previously retained earnings, on the paid-in value of capital stock held during the dividend period. The dividend period may be quarterly, semiannually, or annually ending on March 31, June 30, September 30, or December 31. Dividends on such stock shall be computed without preference and only for the period such stock was outstanding during the dividend period. Dividends may be paid in cash or in the form of stock.

[57 FR 6190, Feb. 21, 1992]

### § 932.4—932.7 [Reserved]

### § 932.8 General.

Directors shall be appointed and elected as prescribed in section 7 of the Act.

[54 FR 38591, Sept. 19, 1989]

### § 932.9 Director representing Puerto Rico.

Under section 7(e) of the Act, the Federal Home Loan Bank of New York shall have an additional elective director to represent members in Puerto Rico.

[54 FR 38591, Sept. 19, 1989]

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### § 932.10 Definition of member.

For purposes of this part, the word "member" means an institution which was a member of such bank at the end of the calendar year preceding the election.

[54 FR 38591, Sept. 19, 1989]

### § 932.11 Location of member.

(a) Under section 7(c) of the Act, a member shall be considered located in the State in which it has its principal place of business. If a member's principal place of business is not in a State, the Board will designate a State in which such member shall be considered located, and may in its discretion change such designation from time to time.

(b) Members whose principal place of business is located in the Virgin Islands shall be considered to be located in Puerto Rico for the purpose of this part.

[54 FR 38591, Sept. 19, 1989]

### § 932.12 Report of stock investment.

Each bank shall, by April 15 of each year, report to the Board, on prescribed forms, the number of shares of bank stock each of its members was required to hold at the end of the preceding calendar year. Such number shall be conclusive for purposes of election of directors.

[54 FR 38591, Sept. 19, 1989]

### § 932.13 Designation and nomination of elective directorship.

(a) By June 15 of each year, the Board will:

(1) Notify each member of the number of elective directorships designated for the state in which the member is located; and

(2) Notify each member in each state for which an elective directorship is to be filled of its right to nominate an eligible person(s) therefore, and provide each such member the following:

(i) A list of members located in its state;

(ii) A current list of directors of the bank of which it is a member, containing the name of each director, the

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name and address of the member institution with which he is affiliated, and the expiration date of his term; and

(iii) The nominating certificate.

(b) Each member in each state entitled under these regulations to participate in the election of directors may by resolution of its governing body nominate or authorize one of its directors or officers to nominate a qualified person for each directorship to be filled in its state. The nominating certificate must be received in the Federal Housing Finance Board by July 15.

(c) A letter will be sent to each nominee by August 5 informing him of his nomination. However, a nominee shall be ineligible to seek election pursuant to § 932.14 of this part and shall not be sent such letter if:

(1) He is then serving as an elective director whose term does not expire until after the close of the calendar year during which the election is being held.

(2) He is holding an appointive directorship unless the Federal Housing Finance Board has received from him, before July 15, notice of his intention to be a candidate for a directorship; or

(3) His institution does not meet any applicable minimum regulatory capital requirements as set forth by a member institution's appropriate regulatory agency.

With such letter will be sent a list of nominees and a copy of Form E-1. Each nominee must certify to the Board on Form E-1 by August 20 that such nominee meets all applicable eligibility qualifications for his election set forth in section 7 of the Act and this part. A nominee shall be eligible for election only if his name is so placed on the ballot.

(d) Notwithstanding other provisions of this section, if at any time when nominations are required, the members of a bank hold less than \$1 million of the capital stock of the bank, the Board will, in accordance with section 7(h) of the Act, appoint a director(s) to fill the place(s) for which nominations are required.

(e) In any Federal home loan bank district that comprises five or more states, the Board may increase the elective directorships to a number not exceeding thirteen. The designations

and nomination of all elective directorships shall be undertaken in the manner set forth in this section.

[54 FR 38591, Sept. 19, 1989, as amended at 58 FR 31901, June 7, 1993]

### § 932.14 Election of directors.

(a) By September 25, the Board will mail to each member in each state for which an elective directorship is to be filled a set of ballot materials in a form prescribed by the Board. The ballot will contain in alphabetical order the name of each candidate eligible to represent the members located in such state having complied with the provisions of § 932.13 of this part, the name and address of the member institution with which each candidate is affiliated, the candidate's title in the member institution, and the number of votes the member may cast, as determined under the provisions of paragraph (b) of this section.

(b) The number of votes each member may cast shall equal the number of shares of stock in the bank required by the Act to be held by such member at the end of the calendar year preceding the election, except that:

(1) A member that is the result of a merger or consolidation, occurring in the year of election, of two or more member institutions within the same state and Federal home loan bank district, may cast votes equal to the total number of shares of stock that the merged or consolidated institutions comprising it were required to hold as of the end of the calendar year preceding the election, and

(2) No member may cast votes in excess of the average number of such shares required by the Act to be held at the end of such calendar year by members in such state.

(c) Each member entitled to receive a ballot may, by resolution of its governing body, cast its votes or authorize one of its directors or officers to cast its votes for each of as many candidates as there are directorships to be filled. The ballot materials shall be sent to the Federal Housing Finance Board and must be received by October 25. No ballot may be changed after it is delivered to the Federal Housing Finance Board, which will preserve all

ballots until the end of the next calendar year. Election ballots will not be opened until after 5 p.m., e.s.t., October 25. Only ballots executed on forms supplied by the Board will be considered.

(d) By December 31, the Board shall declare elected the candidate receiving the highest number of votes cast, and where two or more directorships are to be filled from the ballot, the Board shall declare elected each candidate receiving the next succeeding highest number of votes until the number of candidates declared elected equals the number of directorships to be filled. If required by a tied vote, the Board will declare elected one of the candidates whose votes are tied. No candidate who represents a member institution that fails to meet any applicable minimum regulatory capital requirements as set forth by the member institution's appropriate regulatory agency shall be declared elected by the Board. If the candidate receiving the highest number of votes cast is ineligible to be declared elected, the Board shall declare elected the candidate receiving the next succeeding highest number of votes who is eligible to be declared elected.

(e) The Board will record the results of the election in its minutes and notify the directors elected. The Board will furnish each member such results, including the name and address of the institution with which he is affiliated and his title therein, the number of votes he received, the number of members eligible to cast votes for the directorship(s), and the total eligible votes all such members were entitled to cast.

(f) In any date specified in §§ 932.12 through 932.14 of this part occurs on a Saturday, Sunday, or holiday, the next business day shall be included in the time allowed. No nominating certificate, questionnaire, or ballot shall be considered unless received in the Federal Housing Finance Board by the date specified.

[54 FR 38591, Sept. 19, 1989, as amended at 55 FR 1398, Jan. 16, 1990; 58 FR 31901, June 7, 1993]

**§ 932.15 Prohibition of actions influencing votes.**

No officer, attorney, employee, or agent of the Board or a Bank may indi-

vidually or collectively take any action tending to influence votes for a directorship in a bank, and no person shall include in any letter, literature, or other paraphernalia, language or any presentation indicating, directly or indirectly, that the Board, or any officer, attorney, employee, or agent of the Board or a Bank supports the candidacy of any person for an elective directorship. The Board, after hearing, may consider any such action grounds for dismissal from a directorship or may declare vacant the directorship involved, or both.

[54 FR 38592, Sept. 19, 1989]

**§ 932.16 Definition of State.**

As used in §§ 932.11, 932.13, and 932.14, the word *State* means State, the District of Columbia, or Puerto Rico.

[54 FR 38592, Sept. 19, 1989]

**§ 932.17 [Reserved]**

**§ 932.18 Appointive director eligibility.**

(a) *Qualifications.* Each appointive director shall:

- (1) Be a citizen of the United States;
- (2) Be a bona fide resident of the district served by the Bank for which he or she is a director; and

(3) Comply with all requirements of the Act, and the regulations and policies of the Board and of the Bank presently in effect or to be established by the Board or the Bank's board of directors.

(b) *Prohibited service, financial interests and financial relationships.* (1) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, serve as an officer of any Bank.

(2) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, serve as a director or an officer of, or have a financial interest in, any member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, except as provided in paragraph (c) of this section.

(3) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office,

have a financial relationship with a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, that:

(i) Is not, to the director's knowledge, transacted in the ordinary course of business of the member (or such subsidiary, holding company or affiliate) and on substantially the same terms, including fees, interest rates and collateral, where applicable, as those prevailing at the time for comparable transactions by the member (or such subsidiary, holding company or affiliate) with other persons; and

(ii) In the case of a loan or extension of credit by a member (or such subsidiary, holding company or affiliate), does not, to the director's knowledge, involve more than the normal risk of repayment or contain other unusual terms and conditions that increase the risk of loss to the member (or such subsidiary, holding company or affiliate).

(4) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, in the Board's discretion, serve as an appointive director if such director:

(i) Has any loan or extension of credit from any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) that is more than ninety (90) days past due; or

(ii) Has or has ever had any loan or extension of credit that caused a loss to any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company), or to federal deposit insurance funds, the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the Resolution Trust Corporation ("RTC"), within the past three (3) years.

(c) *Permitted financial interests—mutual funds.* An appointive director may have an interest in securities or other financial interests of a member of any Bank that arises solely through ownership of shares or other investment units of one or more diversified mutual funds (as defined in section 5 (a) and (b)(1) of the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-5(a), (b)(1)) that have invested in the mem-

ber, except that where the member is within the district of the Bank on whose board the director serves, the director may not contribute to investment decisions of the fund.

(d) *Prohibited acceptance of things of monetary value.* (1) Except as provided in paragraph (d)(2) of this section, no director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, solicit or knowingly accept, directly or indirectly, any gift, gratuity, favor, honorarium, entertainment or any other thing of monetary value, from a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, or from a person who:

(i) Has, or is seeking to obtain, contractual or other business or financial relationships with the Bank on whose board the director serves;

(ii) Has interests that may be substantially affected by the performance or non-performance of the director's official duties; or

(iii) Is an officer, director, controlling shareholder, employee, or agent of a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director serves, of a company that is a controlling shareholder of a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director serves, or of a trade organization comprised of members (or such subsidiaries, holding companies or affiliates) that represents financial services, credit needs, housing or financial consumer protections.

(2) Paragraph (d)(1) of this section shall not apply provided:

(i) The acceptance of such things of monetary value is motivated by obvious family or personal relationships rather than the business of the persons concerned;

(ii) The things of monetary value accepted are unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, seasonal gifts of nominal value or other similar things of nominal value;

(iii) The things of monetary value accepted are food and accompanying entertainment of nominal value accepted

on infrequent occasions in the ordinary course of a conference, meeting or other working session where such things are incidental to the activity performed;

(iv) The things of monetary value accepted are non-cash honoraria of nominal value where the gifts are intended as tokens of appreciation for the director's willingness to speak before the group; or

(v) The things of monetary value accepted are financial interests or financial relationships not otherwise prohibited under this part.

(e) *Effect of ineligibility.* (1) If an appointive director shall cease to have any of the qualifications set forth in section 7(a) of the Act or this part, such directorship shall become vacant subject to the cure option in paragraph (g) of this section, but such person may continue to serve as an appointive director until his or her successor assumes the vacated office or the term of such office expires, whichever occurs first.

(2) Any vote by an appointive director during a period when such director has ceased to have any of the qualifications set forth in section 7(a) of the Act or this part shall not be deemed to render void or invalid any action taken by the board of directors during such period.

(f) *Certification and reporting.* (1) Prior to the initial appointment and prior to any reappointment, each director candidate for appointive director shall certify in writing to the Board on Form A-1 that he or she meets all applicable eligibility qualifications for his or her appointment set forth in section 7(a) of the Act and this part. By March 1 of each year during the term of the directorship, each appointive director shall certify in writing to the Board on Form A-2 that he or she meets all applicable eligibility qualifications for his or her appointment set forth in section 7(a) of the Act and this part, except that any appointive director who submitted Form A-1 to the Board in October, November, or December of the year prior to the year in which his or her appointment or reappointment took effect is not required to submit Form A-2 by March 1 of the year in

which the appointment or reappointment took effect.

(2) If an appointive director knows or suspects at any time that he or she is ineligible, the director shall report the factual basis for the known or suspected ineligibility, with specificity, in writing to the Board on Form A-2 within thirty (30) days of: the date of the event that caused or may have caused his or her ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later.

(3) Prior to the initial appointment and prior to any reappointment, each director candidate for appointive director shall fully disclose in writing to the Board on Form A-1 the financial relationships (as defined in §931.30 of this chapter) set forth in paragraphs (f)(3) (i), (ii), (iii), and (iv) of this section of such director candidate. By March 1 of each year during the term of directorship, each appointive director shall fully disclose in writing to the Board on Form A-2 the financial relationships (as defined in §931.30 of this chapter) set forth in paragraphs (f)(3) (i), (ii), (iii), and (iv) of this section of such appointive director, except that any appointive director who submitted a Form A-1 to the Board in October, November, or December of the year prior to the year in which his or her appointment or reappointment took effect is not required to submit a Form A-2 by March 1 of the year in which the appointment or reappointment took effect.

(i) Any type of deposit or savings account in a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director candidate or appointive director serves in excess of the limits of federal deposit insurance;

(ii) Any contractual right with a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director candidate or appointive director serves in excess of either \$10,000 or 5 percent of the director candidate's or appointive director's total income, whichever is less, on an annual basis;

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(iii) Any loan or extension of credit by a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director candidate or appointive director serves in excess of \$50,000, except a loan or extension of credit for the purpose of purchasing or financing the director candidate's or appointive director's principal residence;

(iv) Any loan or extension of credit from any insured depository institution (or such subsidiary, holding company or affiliate) that:

(A) Is or has ever been, within the past three (3) years, more than ninety (90) days past due; or

(B) The director knows caused a loss to such institution (or such subsidiary, holding company or affiliate), or to federal deposit insurance funds, the FSLIC, or the RTC, within the past three (3) years.

(4) Failure to make any certifications or disclosures required under this paragraph (f) shall render the director candidate or appointive director ineligible under this part.

(g) *Opportunity to cure.* If an appointive director ceases for any reason occurring subsequent to appointment to satisfy the requisite eligibility qualifications set forth in section 7(a) of the Act or this part, the Board may, in its discretion, give such director a reasonable opportunity to eliminate the cause of the ineligibility provided:

(1) Such director reports the ineligibility, pursuant to paragraph (f)(2) of this section, and the proposed method of remedying the cause of ineligibility, with specificity, within thirty (30) days of: the date of the event that caused the ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later; and

(2) Such director remedies the cause of the ineligibility within a reasonable period of time set by the Board, not to exceed ninety (90) days from: the date of the event that caused or may have caused the ineligibility, the date the director knew or should have known of

the ineligibility, or November 25, 1991, whichever is later.

(Approved by the Office of Management and Budget under control number 3069-0002)

[56 FR 55220, Oct. 25, 1991, as amended at 56 FR 56929, Nov. 7, 1991; 56 FR 58964-58970, Nov. 22, 1991; 57 FR 81, Jan. 2, 1992; 58 FR 31901, June 7, 1993]

### § 932.19 Community interest director eligibility.

(a) *Appointment.* At least two (2) of the appointive directors for each Bank shall be community interest directors.

(b) *Selection process.* Each Bank shall forward to the Board a list of qualified candidates compiled after active solicitation of nominations from qualified consumer or community organizations within its district. The Board may on its own also solicit nominations of qualified candidates. Final selection shall be in the sole discretion of the Board.

(c) *Ineligibility.* A community interest director shall cease to have the qualifications to be a community interest director if such director:

(1) Ceases to meet the definition of *community interest director* as set forth in § 931.15 of this chapter; or

(2) The organization which the community interest director serves:

(i) Ceases to represent consumer or community interests in banking services, credit needs, housing or financial consumer protections; or

(ii) Ceases to operate, is dissolved, or is declared insolvent.

[56 FR 55221, Oct. 25, 1991]

### § 932.20 Minimum number of elective directorships.

Under section 7(c) of the Act, the number of elective directorships allocated to members located in each state cannot be less than the number of directorships that were filled by the members from that state on December 31, 1960. The following list sets forth the number of elective directorships that were filled by members from each state on December 31, 1960:

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Federal home loan bank— State	No. of elective directorships on December 31, 1960
Atlanta:	
Alabama .....	1
Dist. of Columbia .....	1
Florida .....	1
Georgia .....	1
Maryland .....	1
North Carolina .....	1
South Carolina .....	1
Virginia .....	1
Boston:	
Connecticut .....	1
Maine .....	1
Massachusetts .....	3
New Hampshire .....	1
Rhode Island .....	1
Vermont .....	1
Chicago:	
Illinois .....	4
Wisconsin .....	4
Cincinnati:	
Kentucky .....	2
Ohio .....	4
Tennessee .....	2
Dallas:	
Arkansas .....	1
Louisiana .....	2
Mississippi .....	1
New Mexico .....	1
Texas .....	3
Des Moines:	
Iowa .....	2
Minnesota .....	2
Missouri .....	2
North Dakota .....	1
South Dakota .....	1
Indianapolis:	
Indiana .....	5
Michigan .....	3
New York:	
New Jersey .....	4
New York .....	4
Puerto Rico and Virgin Is- lands.	0
Pittsburgh:	
Delaware .....	1
Pennsylvania .....	6
West Virginia .....	1
San Francisco:	
Arizona .....	1
California .....	3
Nevada .....	1
Seattle:	
Alaska .....	1
Hawaii and Guam .....	1
Idaho .....	1
Montana .....	1
Oregon .....	1
Utah .....	1
Washington .....	1
Wyoming .....	1
Topeka:	
Colorado .....	2
Kansas .....	3
Nebraska .....	1
Oklahoma .....	2

[55 FR 1399, Jan. 16, 1990, as amended at 56 FR 55221, Oct. 25, 1991]

**§ 932.21 Elective director eligibility.**

(a) *Qualifications.* Each elective director shall:

(1) Be a citizen of the United States;  
(2) Be a bona fide resident of the district served by the Bank for which he or she is a director;

(3) Be an officer or a director of a member whose principal place of business is in the state the elective director represents; and

(4) Comply with all requirements of the Act, and regulations and policies of the Board and of the Bank presently in effect or to be established by the Board or the Bank's board of directors.

(b) *Prohibited service.* No director who is elected pursuant to section 7 of the Act may, during such director's term of office, in the Board's discretion, serve as an elective director if such director:

(1) Has any loan or extension of credit from any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) that is more than ninety (90) days past due; or

(2) Has or has ever had any loan or extension of credit that caused a loss to any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company), or to federal deposit insurance funds, the FSLIC, or the RTC, within the past three (3) years.

(c) *Prohibited acceptance of things of monetary value.* The provisions on soliciting or accepting things of monetary value set forth in § 932.18(d) of this part also shall apply to elective directors during their term of office.

(d) *Minimum capital requirements.* (1) No person who is an officer or a director of any member of the Bank on whose board the person serves that fails to meet any applicable minimum regulatory capital requirements of the member's appropriate regulatory agency, is eligible to hold the office of Bank elective director during the calendar year in which the failure occurred, regardless of any exemption or exception to such capital requirements granted by the appropriate regulatory agency.

(2) A person who is ineligible pursuant to paragraph (d)(1) of this section shall once again be eligible for election in the next succeeding calendar year in which the member(s) he or she serves



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as an officer or director meet(s) the applicable minimum regulatory capital requirements throughout the entire calendar year. Such compliance with applicable minimum regulatory capital requirements shall not be satisfied by the granting of an exemption or exception to such capital requirements by the appropriate federal regulatory agency.

(e) *Ineligible director-elect.* A person declared elected pursuant to §932.14(d) of this part will not be eligible to take office or serve as a director if, as of the date such person would otherwise assume the directorship, he or she does not meet the eligibility requirements set forth in section 7 of the Act or this part.

(f) *Effect of ineligibility.* If an elective director shall cease to have any of the qualifications set forth in section 7 of the Act or this part, such directorship shall immediately become vacant and such person shall not continue to serve as a Bank director.

(g) *Certification and reporting.* (1) Prior to the ratification of the election results by the Board, each director nominee for elective director shall certify in writing to the Board on Form E-1 that he or she meets all applicable eligibility qualifications for his or her election set forth in section 7 of the Act and this part. By March 1 of each year during the term of directorship, each elective director who was not elected in the immediately preceding year shall certify in writing to the Board on Form E-2 that he or she meets all applicable eligibility qualifications for his or her election set forth in section 7 of the Act and this part.

(2) If an elective director knows or suspects at any time that he or she is ineligible, the director shall report the factual basis for the known or suspected ineligibility, with specificity, in writing to the Board on Form E-2 within thirty (30) days of: the date of the event that caused or may have caused his or her ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later.

(3) Prior to the ratification of the election results by the Board, each director nominee for elective director

shall fully disclose in writing to the Board on Form E-1 any financial relationships, (as defined in §931.30 of this chapter) set forth in §932.18(f)(3) of this part, of such director nominee. By March 1 of each year thereafter during the term of the directorship, each elective director who was not elected in the immediately preceding year shall fully disclose in writing to the Board on Form E-2 any financial relationships (as defined in §931.30 of this chapter), set forth in §932.18(f)(3) of this part, of such elective director.

(4) Failure to make any certifications or disclosures required under this paragraph (g) shall render the director nominee or elective director ineligible under this part.

(Approved by the Office of Management and Budget under control number 3069-0002)

[56 FR 55222, Oct. 25, 1991, as amended at 56 FR 56929, Nov. 7, 1991; 56 FR 58964-58970, Nov. 22, 1991; 57 FR 81, Jan. 2, 1992; 58 FR 31901, June 7, 1993]

### § 932.22 Vacancies in directorships.

(a) *Appointive director vacancy.* A vacancy in an appointive directorship shall be filled for the unexpired term through appointment by the Board as soon as practicable.

(b) *Elective director vacancy.* A vacancy in an elective directorship shall be filled for the unexpired term by an affirmative vote of a majority of the remaining Bank directors as soon as practicable, regardless of whether such remaining Bank directors constitute a quorum of the Bank's board of directors. The Board shall declare elected such person selected by the Bank directors only if the person satisfies all applicable eligibility qualifications to serve as an elective director set forth in section 7 of the Act and this part. Such vacancy shall be filled with a director from the state of the vacated director, unless there are no eligible candidates from such state, in which case the vacancy shall be filled by an eligible director from another state in the Bank's district.

[56 FR 55222, Oct. 25, 1991]

**§ 932.23 Certification and disclosure forms.**

The following forms shall be completed and submitted to the Board pursuant to the requirements of § 932.18 (f) and (g) and § 932.21(g) of this part:

Form A-1—Appointive Director Candidates—Personal Certification and Disclosure Form (Required by § 932.18(f) (1) and (3) of this part)

Form A-2—Appointive Directors—Personal Certification and Disclosure Form (Required by § 932.18(f) (1) through (3) and (g) of this part)

Form E-1—Elective Director Nominees—Personal Certification and Disclosure Form (Required by § 932.21(g) (1) and (3) of this part)

Form E-2—Elective Directors—Personal Certification and Disclosure Form (Required by § 932.21(g) (1) through (3) of this part)

(Approved by the Office of Management and Budget under control number 3069-0002)

[56 FR 55222, Oct. 25, 1991, as amended at 56 FR 56929, Nov. 7, 1991; 56 FR 58964-58970, Nov. 22, 1991; 57 FR 81, Jan. 2, 1992]

**§§ 932.24–932.25 [Reserved]****§ 932.26 Site of board of directors and committee meetings.**

Meetings of a Bank's board of directors and committees thereof usually should be held within the district served by the Bank. No meetings of a Bank's board of directors and committees thereof may be held in any location that is not within the United States, including its possessions and territories.

[61 FR 43154, Aug. 21, 1996]

**§ 932.27 Compensation and expenses of bank directors.**

(a) *Definitions.* As used in this section:

(1) *Compensation* means any payment of money or provision of any other thing of value (or the accrual of a right to receive money or a thing of value in a subsequent year) in consideration of a director's performance of official duties for the Bank, including, without limitation, retainer fees, daily meeting fees, incentive payments and fringe benefits.

(2) *Maximum compensation* means the maximum total compensation that would be paid to a director in a given year under the Bank's policy on direc-

tor compensation if that director attended all meetings and fulfilled all duties assigned to or otherwise expected of him or her for that year.

(3) *Average compensation per director* (ACPD) means the sum of the maximum compensation for all directors serving on a Bank's board of directors, divided by the total number of directors designated by the Federal Housing Finance Board to serve on the Bank's board for that year.

(b) *Annual compensation.* For 1997 and each subsequent year, each Bank's board of directors shall adopt annually by resolution a written policy to provide for the payment to Bank directors of reasonable compensation for the performance of their duties as members of the Bank's board, subject to the requirements set forth in paragraph (c) of this section. At a minimum, such policy shall address the activities or functions for which attendance is necessary and appropriate and may be compensated, and shall explain and justify the methodology for determining the amount of compensation to be paid to directors.

(c) *Policy requirements.* Payment to directors under each Bank's policy on director compensation may be based upon factors that the Bank determines to be appropriate, but each Bank's policy shall conform to the following requirements:

(1) The annual ACPD for each Bank shall not exceed the amount calculated in accordance with paragraph (c)(2) of this section. Within this limit:

(i) The total actual compensation received by each director in a year shall reflect both the amount of time spent on official Bank business and the level of responsibility assumed by that director, such that greater or lesser attendance at board and committee meetings and greater or lesser responsibility assumed by a director during a given year will be reflected in the actual compensation received by the director for that year; and

(ii) The maximum compensation for the chair of each Bank's board of directors in a given year shall not be equaled or exceeded by the maximum compensation of any other director for that year and shall not be less than 125

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percent of the Bank's ACPD for that year.

(2) The limit on ACPD for each Bank shall be \$28,000 for 1997. For 1998 and subsequent years, the limit on ACPD shall be adjusted annually to reflect the preceding year's change in the Consumer Price Index (CPI) for all urban consumers, as published by the Bureau of Labor Statistics. Each year, as soon as practicable after the publication of the previous year's CPI, the Board shall publish notice, by FEDERAL REGISTER, distribution of a memorandum, or otherwise, of the CPI-adjusted limit on ACPD.

(d) *Expenses.* Each Bank may pay its directors for such necessary and reasonable travel, subsistence and other related expenses incurred in connection with the performance of their official duties as are payable to senior officers of the Bank under the Bank's travel policy, except that directors may not be paid for gift or entertainment expenses.

(e) *Disclosure.* Each Bank shall, in its annual report:

(1) State the sum of the total actual compensation paid to its directors in that year;

(2) State the sum of the total actual expenses paid to its directors in that year; and

(3) Summarize its policy on director compensation.

[61 FR 43154, Aug. 21, 1996]

### § 932.28 Duties.

Bank directors, individually and collectively, have the specific duty of seeing that the Bank complies with applicable provisions of the Act and these regulations. Directors shall hold meetings and perform duties as prescribed in the Bank's bylaws.

[43 FR 46837, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

### § 932.29 Responsibility of bank directors.

Except when otherwise designated by the Board in specific instances, and notwithstanding anything to the contrary contained in this chapter V, a director of a Bank shall have no responsibility for the activities of any person acting on behalf of the Board or Fed-

eral Savings and Loan Insurance Corporation in an agency capacity (pursuant to § 501.10 or § 501.11 of this part or otherwise), and a director of a Bank shall have no liability directly or indirectly to any person (including without limitation any member, employee of the Bank, officer or director of the Bank, or contractor with or supplier to the Bank) arising out of any act or omission by any person acting in such capacity. In specific circumstances the Board may, by order or otherwise, determine whether an activity is conducted on behalf of the Board or the Federal Savings and Loan Insurance Corporation.

[51 FR 28222, Aug. 6, 1986; 51 FR 28690, Aug. 11, 1986. Redesignated at 54 FR 36759, Sept. 5, 1989]

### §§ 932.30—932.39 [Reserved]

### § 932.40 Selection.

Officers, legal counsel, and employees of a Bank shall be elected or appointed in accordance with the Bank's bylaws. A full-time officer or employee of a Bank shall not act in any capacity for a member (other than the Federal Home Loan Mortgage Corporation) or institution insured by the Federal Savings and Loan Insurance Corporation under any understanding providing for continuous or repeated services, or act in any capacity for any such institution in any matter requiring action by the Bank or any of its directors, except when employed by, or with the consent of, the Insurance Corporation in cases involving payment of insurance, loans, purchases of assets or contributions by the Insurance Corporation under section 405 or 406 of the National Housing Act, as amended. These employment prohibitions shall apply to counsel and attorneys of any Bank, whether employed on a salary, fee, retainer, or other basis, except where such employment is with prior consent of the Board, and to the extent of such consent.

[43 FR 46837, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

### § 932.41 Compensation.

(a) The board of directors of each Bank shall annually adopt and submit

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to the board for its approval an appropriate resolution showing the contemplated compensation of its President.

(b) The board of directors of each Bank may fix the compensation for each officer other than President within ranges established by the Board and the total limits for such compensation in the Bank's approved budget. Each Bank may establish the amount and form of compensation of all other employees (including legal counsel) within the limits set forth in its approved budget. A bank shall not pay any director, officer, employee, or other person a bonus.

[43 FR 46837, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

#### § 932.42 [Reserved]

#### § 932.43 Restrictions as to former employees.

(a) As used in this section, the term "employee" includes an officer, an agent, or an attorney.

(b) No former employee of a Bank shall appear before the Board as attorney or other representative of any party (other than the Board, the Federal Savings and Loan Insurance Corporation, or a Bank) in any particular matter involving that specific party (as defined in 5 CFR part 737):

(1) In which the former employee participated personally and substantially during the period of such employment; or

(2) For which the former employee was officially responsible during the period of such employment, unless one year has elapsed since the termination of such employment.

[46 FR 19220, Mar. 30, 1981. Redesignated at 54 FR 36759, Sept. 5, 1989]

#### §§ 932.44—932.49 [Reserved]

#### § 932.50 General.

The President and other officers shall have the powers and duties prescribed in the Bank's bylaws and these regulations.

[43 FR 46838, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

#### 12 CFR Ch. IX (1–1–97 Edition)

#### § 932.51 President.

The President of each Bank shall be its chief administrative officer and shall supervise each member's compliance with the act and these regulations. He shall request a member not so complying to do so, and if the member does not thereafter comply, shall report the matter, or cause it to be reported, to the Board.

[43 FR 46838, Oct. 11, 1978. Redesignated at 54 FR 36759, Sept. 5, 1989]

#### §§ 932.52—932.59 [Reserved]

#### § 932.60 General.

(a) The Federal Home Loan Banks are hereby authorized to establish an Office of Neighborhood Reinvestment which shall be located in Washington, DC, and which shall perform the duties and functions set forth in § 932.86.

(b) The Office of Neighborhood Reinvestment shall be headed by a Director, who shall have responsibility for the performance of the functions of such Office. The Director shall be appointed, and his compensation shall be fixed, by the Federal Housing Finance Board. There may also be one or more Deputy Directors who shall be appointed and whose compensation shall be fixed in the same manner.

(c) Any function of the Office of Neighborhood Reinvestment now or hereafter exercisable by the Director may also be exercised by a Deputy Director, in accordance with such limitations, if any, as may be prescribed in writing by the Director.

[40 FR 57443, Dec. 10, 1975. Redesignated at 54 FR 36759, Sept. 5, 1989, and amended at 55 FR 2228, Jan. 23, 1990]

#### § 932.61 Functions and duties of Office of Neighborhood Reinvestment.

(a) The Office of Neighborhood Reinvestment shall: (1) Provide staff support services for the Neighborhood Reinvestment Corporation; (2) assist the Board, the Banks, the members of the Federal Home Loan Bank System and other financial institutions in the development of programs and strategies to increase and stabilize urban residential lending; (3) provide assistance in the organization, development, and continued operations of "Neighborhood

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Housing Service'' programs; (4) provide assistance to other public or private urban preservation or improvement programs; (5) conduct evaluations of selected urban preservation or improvement programs; and (6) collect and disseminate information regarding urban preservation or improvement programs.

(b) The Office of Neighborhood Reinvestment may accept and administer such funds from any Federal, State or local government or governmental agency, or any private body, as may be offered in support of the programs of the Office: *Provided, however,* That all such receipts, whether by contract, grant or otherwise, in excess of \$50,000 per year from any one source, or for an activity not authorized in the current budget for the Office, shall first be approved by the Board.

(c) The Office of Neighborhood Reinvestment shall perform other duties or functions which are related to those specified in paragraphs (a) and (b) of this section, as may be requested of such Office by a Federal Home Loan Bank or Banks or the Board.

[40 FR 57443, Dec. 10, 1975, as amended at 45 FR 81545, Dec. 11, 1980. Redesignated at 54 FR 36759, Sept. 5, 1989]

### § 932.62 Budget and expenses.

The Office of Neighborhood Reinvestment shall annually submit to the Board by September 1 a budget of its proposed expenditures for the following fiscal year beginning October 1 and ending September 30, except that the Office shall submit by December 1, 1980, a transition-year budget for the first nine months of Calendar Year 1981. The budget shall differentiate between receipts and expenditures provided for in § 932.86(b) and those provided for hereunder. After such budget has been approved by the Board, the Director may authorize disbursements thereunder from the funds provided for in § 932.81(b). Following approval by the Board, the Director shall transmit a copy of the budget to each of the Bank Presidents. The Director may, without further authority, make a transfer from an excess allotment, in the budget referred to, to an insufficient allotment. However, transfer to allotments for compensation or rent of office quar-

ters, as well as any proposed changes which would increase the total of the approved budget, shall be submitted for approval in the same manner as the original budget was submitted.

[40 FR 57443, Dec. 10, 1975, as amended at 43 FR 46838, Oct. 11, 1978; 45 FR 81545, Dec. 11, 1980; 52 FR 7122, Mar. 9, 1987. Redesignated at 54 FR 36759, Sept. 5, 1989]

## PART 933—MEMBERS OF THE BANKS

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